

FOREIGN POLICY REPORTS

March 27, 1935

Unrest in the Virgin Islands

BY LUTHER HARRIS EVANS

PUBLISHED FORTNIGHTLY BY THE

Foreign Policy Association, Incorporated

EIGHT WEST FORTIETH STREET, NEW YORK, N. Y.

VOLUME XI NUMBER 2 25¢ a copy \$5.00 a year

Unrest in the Virgin Islands

BY LUTHER HARRIS EVANS

Assistant Professor of Politics, Princeton University. Professor Evans visited the Virgin Islands in 1932 and again in 1933, in connection with the preparation of a book on the subject.

with the Aid of the Research Staff of the Foreign Policy Association

INTRODUCTION

PERSISTENT reports that Congressional committees will soon investigate the Virgin Islands administration convey the impression that a troublesome situation has suddenly developed in the islands. This, however, is not the case. During the eighteen years of American sovereignty, the Virgin Islands have suffered from deeply rooted and persistent economic and political problems. The present situation is so closely related to political struggles of the first magnitude that the public is likely to be confused concerning the real nature of the issues at stake. The problems of the Virgin Islands can be solved only if they are considered on their merits, without reference to political feuds in Washington. The purpose of this brief study is to analyze the problems of the Islands and examine practicable alternatives for their solution.

After two unsuccessful attempts in 1867 and 1902 to purchase the Danish West Indies,¹ the United States government finally secured them for \$25,000,000 in gold (old style) by a treaty signed on August 4, 1916.² The evidence clearly indicates that the dominant consideration of the government was that no strong European nation should be allowed to possess the potentialities of naval power afforded by the Danish islands.

1. Charles Callan Tansill, *The Purchase of the Danish West Indies* (Baltimore, Johns Hopkins Press, 1932), *passim*; Tyler Dennett, *John Hay* (New York, Dodd Mead, 1933), p. 266-273; 55th Congress, 2d session, S. Report 816, "Naval Station in the West Indies"; 57th Cong., 1st sess., S. Doc. 284, "Cession of Danish Islands in the West Indies."

2. Tansill, *The Purchase of the Danish West Indies*, *passim*. The treaty is in 39 *Stat.* 1706. Cf. also 64th Cong., 2d sess., H. Report 1505.

On March 31, 1917 the islands were ceded to the United States by appropriate ceremonies in St. Thomas. President Wilson placed their administration in the hands of the Navy Department as a temporary arrangement. It was intended that the law which Congress passed on March 3, 1917, authorizing the President to provide for the government of the islands, would be superseded at the next session of Congress by a permanent government act. No such act, however, has yet been passed. The islands were left under naval control until 1931, when jurisdiction was transferred to the Department of the Interior by executive order.

MALADJUSTMENTS IN ISLANDS' ECONOMY

The Virgin Islands are suffering from serious economic maladjustments apart from those which plunged the world into depression. The Danes first settled St. Thomas in 1672, St. John in 1717, and St. Croix in 1734. In the early period all three colonies were important primarily for their agricultural production, particularly cotton and sugar. Later the harbor of St. Thomas became of considerable importance as a shipping center. The greatest period of prosperity in agriculture was undoubtedly the closing decades of the 18th century. Cotton production reached its peak in St. Croix in 1797, when 157,000 pounds were produced. The Civil War created a revival, so that in 1865-1866 production rose to 71,000 pounds. After that date production of cotton declined, and was abandoned altogether in the 1920's. Sugar production in the islands reached its peak in 1812; it then decreased so rapidly in St. Thomas and St. John that by the

FOREIGN POLICY REPORTS, VOLUME XI, NUMBER 2, MARCH 27, 1935

Published by-weekly by the FOREIGN POLICY ASSOCIATION, Incorporated, 8 West 40th Street, New York, N. Y., U. S. A. RAYMOND LESLIE BUELL, *President*; WILLIAM T. STONE, *Vice President and Washington representative*; VERA MICHELES DEAN, *Editor*; HELEN TERRY, *Assistant Editor*. *Research Associates*: T. A. BISSON, VERA MICHELES DEAN, WILLIAM KOREN, JR., HELEN H. MOORHEAD, DAVID H. POPPER, ONA K. D. RINGWOOD, CHARLES A. THOMSON, M. S. WERTHEIMER, JOHN C. DEWILDE. Subscription Rates: \$5.00 a year; to F. P. A. members \$3.00; single copies 25 cents. Entered as second-class matter on March 31, 1931 at the post office at New York, N. Y., under the Act of March 3, 1879.

middle of the 19th century it had practically ceased.³

Although St. Thomas originally depended almost entirely upon agriculture, gradually, and for many generations, it achieved importance as a shipping center. An excellent harbor under a neutral flag had great advantages in the many wars of the 18th century.⁴ Probably the highest point of St. Thomas's prosperity was about a hundred years ago, in the period of sailing ships. The steamship had less need for the facilities of St. Thomas. The opening up of new tropical areas, which decreased the relative significance of products drawn from the West Indies, naturally reduced the shipping of the island. Nevertheless, in the early part of the last quarter of the 19th century, St. Thomas was still a great port. Its floating dry dock and other facilities, the fact that large shipping companies had West Indian headquarters there, and other factors, made for the prosperity of St. Thomas. The people gradually left the land and lived by occupations connected with the harbor. Then the harbor's importance declined. The Royal Mail Steam Packet Line withdrew its headquarters to the British island of Barbados, other West Indian harbors were developed, the character of shipping changed, etc. The people refused to return to the land, and the surplus population had no option but to emigrate.⁵

St. Croix was a prosperous plantation colony until the abolition of slavery in 1848, which created a serious labor problem. The emancipated Negroes tended to ignore the necessity of working for a livelihood, or else worked irregularly and without sufficient diligence to harvest the cane as it should have been harvested. They demanded wages which the estate-owners regarded as unmerited and economically impossible. An immigration tax of 10 cents per acre was levied on all land in cane or cotton cultivation to pay for the importation of laborers from the British islands, but this did not solve the problem. Drastic laws against vagrancy and for enforcement of labor contracts were put into effect, only to cause an insurrection in 1878.⁶ The problem of labor still remains difficult.

3. Waldemar Westergaard, *The Danish West Indies under Company Rule (1671-1754)*, with a supplementary Chapter, 1755-1917 (New York, Macmillan, 1917), chapters 6, 11, and supplementary chapter.

4. In general, cf. *ibid.*, supplementary chapter.

5. Herbert D. Brown, *Report on Political, Social and Economic Conditions in the Virgin Islands* (March 10, 1930, 896 pages, mostly typewritten, files of Bureau of Efficiency), hereafter cited as *Brown Report*, p. 434ff; Rufus S. Tucker, *Economic Conditions of the Virgin Islands*, 69th Cong., 1st sess., S. Doc. 41 (1926), p. 23ff.

6. Westergaard, *The Danish West Indies under Company Rule (1671-1754)*, cited, supplementary chapter; Theodoor de Booy

PROBLEMS OF SUGAR PRODUCTION

St. Croix suffered also from the opening up of large new areas of land to sugar production in other countries. The price of sugar was driven down, and St. Croix was placed in the position of enjoying small profits if the rainfall was above average and suffering losses if it fell much below the average. Tariffs entered into the situation prior to 1917, but since that date sugar has had free entry to the American market. This treacherous position of being on the margin is one of the unescapable limitations on St. Croix's prosperity. Irrigation from surface supplies of water or from subterranean sources offers only slight hope of amelioration.⁷

The statistics of population are eloquent testimony of the economic decline which the Virgin Islands experienced many decades before the establishment of American control, as the following table indicates:

POPULATION OF THE VIRGIN ISLANDS*				
	St. Thomas	St. Croix	St. John	Total
1773	4,371	21,809	2,402	28,582
1796	4,734	28,803	2,120	35,657
1835	14,022	26,681	2,475	43,178
1850	13,666	23,720	2,228	39,614
1860	13,463	23,194	1,574	38,231
1870	14,007	22,760	1,054	37,821
1880	14,389	18,430	944	33,763
1890	12,019	19,783	984	32,786
1901	11,012	18,590	925	30,527
1911	10,678	15,467	941	27,086
1917	10,191	14,901	959	26,051
1930	9,834	11,413	765	22,012

*This table has been compiled from various sources, Westergaard, *The Danish West Indies under Company Rule (1671-1754)*, cited, *passim*; the U. S. censuses of 1917 and 1930; and Navy Department, *The Virgin Islands of the United States. A General Report by the Governor* (Washington, 1928), p. 84. The white population was 7.4 per cent of the total in 1917, and 9.1 per cent in 1930. The remainder is largely Negro and colored.

It should be noted that in 1835 the combined population of the three islands at its highest point was almost exactly double the figure of today. The decrease began prior to the abolition of slavery in 1848. St. Thomas had remained prosperous later than St. Croix, as is indicated by the fact that its peaks of population were 1835 and 1880. This is to be explained by the importance of shipping.

Indicative of the economic situation in the years

and John T. Faris, *The Virgin Islands of the United States* (Philadelphia, Lippincott, 1918), chap. 10; *Collection of the most important Laws, Ordinances, Publications, etc., valid in or referring to the Danish West India Islands, and issued since the Colonial Law of the 26th of March 1852* (Translations. Copenhagen, J. H. Schultz, 1884.)

7. C. C. Fisher, *Report of an investigation of Irrigation Possibilities on the Island of Saint Croix, Virgin Islands* (February 26, 1924, typewritten, files of Navy Department, cited and summarized in *Brown Report*, p. 666-668).

preceding the establishment of American rule is the fact that the average value of the sugar produced in St. Croix from 1900 to 1916 inclusive was \$621,440.⁸ This was not a sufficiently large amount to serve as the basic money income of some 15,000 to 18,000 people. Imports are a sensitive index to the prosperity of the Virgin Islands, as there is little local industry. The imports of merchants and those made directly by individuals from mail-order houses supply the deficiency. The only book which is in every home in the Virgin Islands is the latest issue of the Sears-Roebuck catalogue. Imports in the period from 1900 to 1916 for the islands ranged from a low of \$1,222,609 in 1916 to a high of \$1,879,923 in 1908. The average was \$1,572,754.⁹

EFFECTS OF AMERICAN SOVEREIGNTY

Despite the establishment of free trade with the United States, the extension of American sovereignty had various adverse economic effects on the islands. When the sale of the islands seemed imminent, the German-controlled Hamburg-American Line removed its West Indian headquarters from St. Thomas to territory under Netherlands sovereignty, Curaçao. This move deprived many Thomians of clerical and manual employment, and the harbor of considerable shipping which it had formerly enjoyed. By an act approved on November 23, 1921 Congress extended the National Prohibition Act to the Virgin Islands.¹⁰ Although the effects of this act have been too strongly stressed in some quarters, it is generally recognized that it had certain harmful results. First of all, the manufacture and sale of rum was prohibited. But this was a matter of small significance, for the value of the rum exported from the islands in the period 1911-1915 averaged only \$19,800 per year. Many have believed that prohibition ruined the trade in bay rum. It is true that a change to industrial alcohol was necessary, but the manufacture of bay

rum increased to some extent during the period of prohibition.¹¹ The charge has also been made that prohibition destroyed the tourist trade. It is no doubt true that prospective winter residents were driven elsewhere by the presence of prohibition, but it must not be forgotten that the tourist trade of the islands has in the recent past taken almost entirely the form of a few hours' stop-over of liners on West Indian cruises. The existence of prohibition did not prevent these ships from putting into Virgin Islands ports. That shipping was damaged there can be no doubt, although the extent of the damage is unknown. Transshipment of cargoes containing liquor was of course prohibited. The principal income of the harbor is not from transshipment, however, but from the servicing of ships and from tourists who spend money while on shore.

Another policy of the United States has had ill effects on the economy of St. Croix. The importation of cheap labor from the British islands to cultivate the cane-fields of St. Croix was ended by the application of American laws. It is undoubtedly true that labor difficulties have been a major cause of the transfer of much of St. Croix's acreage from cane-growing to cattle-grazing.¹² The withdrawal of the naval station in July 1931 had well-nigh disastrous effects on the economic situation in St. Thomas.

The acreage of cane in St. Croix in 1916 was 12,220. It remained at about the same figure for the next four years. In 1921 the acreage was 11,854. In the years 1922-1928 inclusive the range was from 9,014 acres to 9,662 acres. In 1929 it dropped to 8,135, in 1930 to 5,892, and in 1931 to 5,009.¹³

From 1900 to 1916 the value of the sugar crop reached \$1,000,000 on only two occasions, 1904 and 1916. In 1917 the crop brought slightly over \$1,000,000, and in three years since then that magical figure has been exceeded. In 1919 the value was \$1,429,244, and in 1928 \$1,007,579. The banner year was 1920, when a good crop and abnormally high prices combined to yield \$4,086,671. In 1931 the value of the entire sugar crop was only \$118,000.¹⁴

During the period of American sovereignty the harbor of St. Thomas has continued to suffer from new developments in shipping. The increasing shift from coal to oil fuel means less labor employed in fueling operations. Fewer ships call at port for orders since the wide use of radio communication. The floating dry dock sank in 1924 and has not been replaced. Much business was lost as a consequence. The introduction of loading cranes oper-

8. Navy Department, *The Virgin Islands of the United States. A General Report by the Governor*, cited, p. 83.

9. *Ibid.*, p. 89. For a good description of the economic condition of the islands at this time, cf. H. G. Brock, Philip S. Smith, and W. A. Tucker, *The Danish West Indies, their Resources and Commercial Importance* (Department of Commerce, Bureau of Foreign and Domestic Commerce, Special Agents Series, No. 129, Washington, 1917); Denmark, Rigsdagen, Dansk Vestindiske Kommission, *Betaenkning afgiven af den i henhold til lov Nr. 294 af 30 September 1916 nedsatte Rigsdagskommission angaaende de dansk vestindiske oer* (Copenhagen, J. H. Schultz, 1916; three volumes bound in one), p. 62, 157, 373.

10. 42 Stat. 223. Prohibition ceased in accordance with an act of Congress which took effect on March 13, 1934. *Governor's Report, 1934*, p. 6.

11. Interior Department, *General Information regarding the Virgin Islands of the United States* (Washington, Government Printing Office, 1932), p. 24; *Governor's Reports for 1933 and 1934*; and Department of Industry (St. Thomas), *Information Bulletin*, August 24, 1933, p. 2.

12. *Brown Report*, cited, p. 465ff.

13. Interior Department, *General Information*, cited, p. 23.

14. *Ibid.*

ated by electricity, which can place coal in ships without human labor, has made the situation still more difficult. The West India Company, which controls this business, was forced to agree to use manual labor for a certain proportion of its coaling operations.

There has been an increasing development of the cattle industry in all three islands, with Puerto Rico as the principal market. There is no possibility, however, of developing this industry into one of great consequence for the people in general.¹⁵

The shift of population in the islands with regard to urban and rural residence is indicative of the economic changes which have been taking place. In 1917 the urban population was 59.4 per cent of the total, as compared with 61.3 per cent in 1930. The rural percentage dropped from 40.6 to 38.7.¹⁶

Imports of the islands from 1918 to 1930 indicate improvement in the economic condition for the people, although the increase is largely explained by direct and indirect expenditures made by the Federal government. Annual imports for these thirteen years averaged \$2,491,374.¹⁷

In summary, the Virgin Islands under American jurisdiction suffered from severe economic maladjustments. (1) Sugar production progressively became an uncertain undertaking, owing to the low rainfall, low acreage yield, and depressed price levels. (2) The business of the harbor declined in its capacity to give employment. (3) Agriculture was abandoned in St. Thomas, and efforts to re-establish it were unsuccessful. (4) It may be added that attractive opportunities for employment outside the islands have operated for generations to encourage the emigration of the more industrious workers. Without full cultivation of the land of St. Croix and a very prosperous shipping trade in St. Thomas, the islands had no course but to go into economic decline. Large government expenditures have covered up some of the real weaknesses of the basic economic structure. The economic problems of the period since 1930 are dealt with in the section on the rehabilitation program.

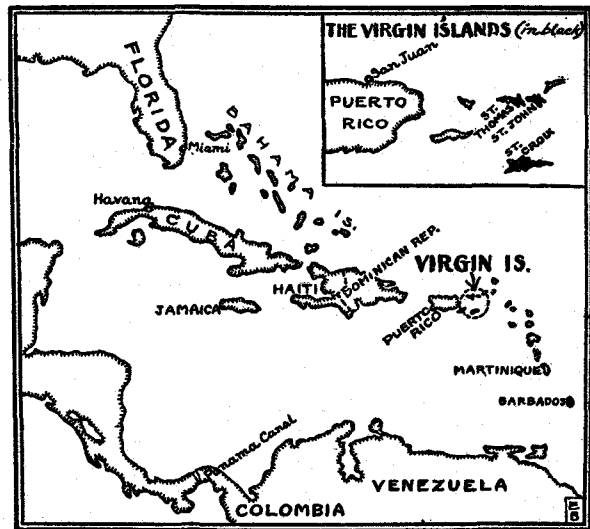
FINANCIAL BURDEN OF U. S. ADMINISTRATION

In 1917 Secretary Lansing and the members of Congress who considered the problem of the Virgin Islands shared the belief that the Federal government was not assuming a heavy financial burden by securing the Virgin Islands. They did not know that the Danish government had been faced with

15. *Brown Report, passim.* On January 1, 1930 there were about 7,500 cattle in St. Croix; exports for 1930 were \$84,107.

16. U. S. censuses of 1917 and 1930.

17. Navy Department, *The Virgin Islands*, cited, p. 89.



recurring deficits and the non-payment of interest on loans.¹⁸ Moreover, the government services provided by the Danish administration were far below customary American standards.

The reaction of the first American Governor to the situation is outlined in the following words from a special report which he wrote for the Secretary of the Navy on August 1, 1917, after only four months in the islands:¹⁹

The death rate is very high, infant mortality being particularly disgraceful to a civilized community . . . Three hospitals have been run with varying degrees of relative efficiency—none of them really efficient. There is lack of proper buildings, proper equipment, trained personnel . . . Sanitation is in imperative need of improvement . . . Adequate water supply and a proper system of sewerage is a health necessity . . . The roads in St. Croix are very fair but repairs have not been properly maintained. There are only about 4 miles of roads in St. Thomas . . . Fire protection is inadequate . . . Improved harbor facilities are not an immediate necessity . . . There are practically no food crops except a small quantity of yams and sweet potatoes . . . The islands are incapable of self-support and must continue to be aided by Federal appropriations . . . The existing system of public instruction in these islands leaves about everything in the way of an adequate system to be desired. The natives should be given instruction, above all else, in the use of their hands. Social conditions are extremely bad; there is no proper family life . . . Infantile mortality reaches shocking proportions . . .

18. 64th Cong., 2nd sess., Hearings by House Committee on Foreign Affairs on H. R. 20755; statement by Robert Lansing, February 12, 1917. C. W. Tooke, "The Danish Colonial Fiscal System in the West Indies," *Essays in Colonial Finance, Publications of the American Economic Association*, Third Series, Vol. 1, No. 3, p. 144-167 (August 1900).

19. The Governor of the Virgin Islands, *Virgin Islands of the United States* (August 1, 1917). (Fifty typed pages. Original in files of the Navy Department, Washington, D. C.)

The cost of the maintenance of the islands, and of the recommended improvements [totalling \$1,952,000] is great, but the need is real and vital, and aside from all other considerations, the situation is one that must be faced and corrected. This unfortunate situation is the natural inevitable result of centuries of neglect.

Leaving out of account the expenses incurred directly by the Danish government and the expenses of the postal departments, the municipality of St. Thomas and St. John in the years 1910-1917 had an average annual expenditure of \$98,000 (Danish West Indian currency),²⁰ and St. Croix \$152,000. In St. Thomas medical and sanitation services accounted for approximately \$20,000 a year, and education a little over \$8,000. In St. Croix health accounted for \$41,500, and education \$13,300. The police and judiciary items were second only to health in both municipalities. Combined expenditures for roads, streets, and public works amounted to \$22,600 per year in St. Thomas and only \$14,200 in St. Croix.²¹

Governor Oliver was not successful in securing the requested appropriation of \$1,952,000, but Congress granted \$200,000 to tide the islands over the fiscal year 1919. The same amount was granted for 1920. In his report for 1919 the Governor complained that the scarcity of funds had "not permitted of much improvement over the old order of things." Increased appropriations would have to be made to provide "absolutely necessary improvements" for the realization of an approach to "American standards." In his 1921 estimates he made a strong case for more generous appropriations. Three categories of needed funds were presented. (1) The "absolutely necessary" amount was \$343,440. (2) The additional funds to make "imperative" improvements totalled \$1,222,240. (3) The "highly desirable" improvements would cost an additional \$3,830,000.²² About this time a Congressional commission visited the islands and was favorably impressed by their Navy administration. The weight of the commission's verdict and the strong urging of some of its members were no doubt instrumental in securing the appropriation of the amount requested in the first category.²³ Later in the year in which this appropriation was made, the Secretary of the Navy instructed the Governor to insist that the municipalities reform their taxation systems in such a way as

20. The Danish West Indian dollar is \$.965 U. S. The currency was changed to the U. S. dollar on July 1, 1934.

21. These statistics have been computed from data prepared by the government of the Virgin Islands.

22. Memorandum B-i-g, September 22, 1919 (11 typed pages, files of the Navy Department, Washington, D. C.).

23. 66th Cong., 2nd sess., H. Doc. 734, *Report of Joint Commission to visit and report on conditions in the Virgin Islands* (1920), p. 38.

to provide larger revenues.²⁴ The one tangible result was the enactment of the real and personal property tax in St. Thomas.²⁵ The Councils saw little reason for taxing themselves heavily when the Navy Governors were so successful in their efforts to secure larger appropriations from Congress.

The following table shows the Federal appropriations for the Virgin Islands made during the fourteen years of their administration by the Navy:

1918	\$100,000	1926	\$300,000
1919	200,000	(Water Supply)	125,000
1920	200,000	1927	280,000
1921	343,440	1928	280,000
1922	343,440	1929	260,000
1923	343,440	1930	314,000
1924	324,000	1931	280,000*
1925	270,150	Total	\$3,963,470
Annual Average \$283,105			

*An appropriation for rehabilitation purposes (\$141,000) has been omitted, as only a small portion of it was spent during 1931. These figures are from the Navy Department appropriation acts.

To this average of \$283,105 must be added the pay and allowances of Navy personnel assigned to government duty in the Virgin Islands. This item averaged about \$120,000 to \$130,000 a year.

It would thus appear that the average expenditure of the Federal government for the government of the Virgin Islands in the fourteen years of Navy administration was over \$400,000 per year. This does not include the expenditure on the naval station, which has been computed at \$200,000 to \$300,000 a year. Between \$50,000 and \$60,000 a year apparently went to pay civilian personnel. An average of about \$55,000 was contributed to the St. Thomas treasury for deficit coverage, and about \$100,000 to St. Croix. The remainder was spent very largely on public works of many kinds, including water-supply systems, roads, streets, public buildings, etc. Expenditures for health, education and public works far exceeded the total expenditures for all purposes in Danish days.

In reporting the 1930 appropriation bill, on January 30, 1929, the House Committee on Appropriations indicated that it had hoped to recommend measures at that time looking to greater financial independence for the islanders. It expressed the opinion that Congress would have to take the initiative if this desirable goal were to be attained.²⁶ The following March a sub-committee of this committee

24. Letter of Secretary Daniels to the Governor, November 16, 1920 (Navy Department files).

25. For text of this ordinance, cf. *The Laws of the Virgin Islands of the United States, Municipality of Saint Thomas and St. John, from March 31, 1917 to December 31, 1924* (St. Thomas, Government Printing Office, 1925), p. 79-105.

26. 70th Cong., 2nd sess., H. Report 2274, p. 5.

visited the islands to investigate the possibility of their financial independence. The result was a request by the Committee on Appropriations and the Committee on Insular Affairs that the Bureau of Efficiency undertake a thorough investigation of the economic, social and political situation in the islands and propose a program of reform.

REHABILITATION PROGRAM OF 1930

The Bureau of Efficiency conducted its investigation of the Virgin Islands in the winter of 1929-1930. On March 10, 1930 it filed with the two committees a report of some 900 typewritten pages, covering in detail all important aspects of life in the islands. The report took the position that Congress should adopt courageous measures to rescue the Virgin Islands from their increasing economic degradation. Congress had three alternatives. (1) It might let the islands live on their own resources, as other West Indian colonies were doing. This policy would result in such a curtailment in educational and health activities that the exodus of the people would probably be speeded up. Also, a complete breakdown in St. Croix would result from the termination of Federal contributions. (2) Congress might continue the customary rate of appropriations, with a resulting gradual improvement of conditions. (3) Or it might "increase appropriations sufficiently to do energetically at once the things that are necessary to bring about improved conditions and thus make it possible, by helping the Virgin Islanders to help themselves, gradually to reduce the Federal aid with the ultimate result of making the islands entirely self-supporting."²⁷

Mr. Herbert D. Brown, Chief of the Bureau of Efficiency, went before a sub-committee of the House Committee on Appropriations and strongly urged that the third course be taken immediately.²⁸ Large appropriations would be needed to carry out the detailed proposals which he presented, but they would be justified in the long run. Mr. Brown diagnosed the economic ills of the islands, and recommended the same remedy for nearly all of them—namely, priming of the pump of private enterprise by the employment of Federal funds.

In St. Croix the system of large estates with poorly paid laborers was uneconomic, and cane land was gradually being converted into grazing land. The very low rate of taxation did not serve as an encouragement to put land to its most productive use.

27. *Brown Report*, p. 44-45.

28. 71st Cong., 2nd sess., *Hearings before sub-committee of House Committee on Appropriations on Navy Appropriation Bill for 1931* (March 17, 1930), p. 886-905. The description of the rehabilitation program in the next few paragraphs is based upon these hearings and the *Brown Report*.

The landowners refused to lower their rents to reasonable levels, thus discouraging land utilization by independent small farmers. These owners were too conservative and too lacking in enterprise to employ labor and land to the best advantage of the people. Their program for prosperity consisted of proposals to lower the immigration bars, abolish the export duty on sugar, and increase Federal expenditures.

The remedy proposed by Mr. Brown and his staff was government purchase of a considerable portion of the best agricultural land and its division into small homesteads. On these homesteads the agricultural laborers would grow their food supply and also one or more money crops, such as cane or vegetables. The homesteads would be paid for in easy annual instalments. In time better housing would be furnished the homesteaders on similar term payments. The government would insure access to a sugar mill on fair terms for the cane grown by the homesteaders. A program of agricultural education would be necessary if the homesteaders were to make the best use of their new opportunities. The agricultural experiment station should emphasize practical agriculture rather than research. An agricultural and vocational institute would also be necessary.

St. Thomas had two pressing needs. One was a hotel adequate to attract tourist trade. This need should be met by the expenditure of government money. The other need was a new floating dry dock. This burden should be borne by private enterprise. For St. John the way out lay in further development of bay-oil for bay rum. In St. Croix and St. Thomas reforestation was badly needed, and a large public works program was recommended for these islands.

Mr. Brown's original request for money was itemized as follows:

Remodelling the Grand Hotel (St. Thomas)	\$60,000
Agricultural and vocational school (St. Croix)	50,000
Reorganization of the agricultural experiment station	50,000
Aid to homesteaders	60,000
Remodelling the poor farm	10,000
Improvement of the production of bay-oil	8,000
Total	<hr/> \$238,000

Congress finally appropriated \$141,000 for this program. On January 30, 1931 President Hoover announced his intention to transfer the Virgin Islands from the jurisdiction of the Navy Department to that of the Department of the Interior. He explained that this step would facilitate execution of the new policies which had been authorized by

Congress.²⁹ This was the signal for a new attempt to secure rehabilitation appropriations from Congress. Although the new Governor's name had already been submitted to the Senate, Mr. Brown appeared at the appropriations hearings on February 12 with an expanded program of expenditures. Instead of the mere \$432,000 requested by the Bureau of the Budget in the Navy appropriation bill, Mr. Brown obtained \$643,300 and in addition the unexpended balance of the \$141,000.³⁰

On March 18 Paul M. Pearson was inaugurated Governor of the islands in impressive ceremonies in Emancipation Garden, St. Thomas. The financial balance sheet for the three fiscal years since that date is indicated by the following table:

FEDERAL EXPENDITURES IN THE VIRGIN ISLANDS, 1932-1934		
	<i>Appropriations available</i>	<i>Actually expended</i>
1932	\$722,670.00	\$496,699.90
1933	637,971.10	556,772.88
1934	391,129.52	351,209.00
1934 (special)	667,792.42
Total		\$2,072,474.20
Annual average		\$690,824.73

The special expenditures during 1934 included funds allotted by FERA, PWA, and the Federal Surplus Relief Corporation. On June 30, 1934 there remained outstanding the following allotments from Federal sources: PWA, \$1,109,368.57; FERA, \$51,237.37; RFC loan for capital stock of the new bank, \$125,000. The total was \$1,285,605.94. If the bank loan is not counted, the total is \$1,160,605.94. To this must be added a "grant" of \$45,000 from the Housing Commission and a loan of \$242,000 from the Subsistence Homesteads Corporation.³¹

It is too early to evaluate the results of these large-scale government expenditures. A considerable proportion of them must obviously be charged to relief. But the increase in relief expenditures has been disproportionate to the increase in the relief problem during this period. The return of national prosperity cannot be expected to solve the relief problem in the Virgin Islands to the degree that it will solve the national relief problem. Certain definite steps taken in the direction of realizing the objective of the rehabilitation program, which has

been greatly expanded during the Pearson administration, will now be examined.

GOVERNOR PEARSON'S ACHIEVEMENTS

Early attempts to purchase the desirable lands of the largest sugar estate in St. Croix, that of the West Indian Sugar Company (generally known as Bethlehem), after it went into bankruptcy in 1930 were unsuccessful. The offer of \$90,000 was a reasonable figure for 2,211 acres of the best land in St. Croix and the large sugar-mill which went with the estate. But the Attorney General rejected the doubtful title on February 26, 1932,³² and the administration had to turn to other land. The 1,415 acres of the Whim estate were purchased for \$20,000, or \$14.13 per acre. About 850 acres were found suitable for cultivation, and on them 145 homesteads averaging less than six acres each were laid out. By February 1, 1933, a month before the New Dealers arrived in Washington, most of the plots were in the hands of homesteaders, and over 400 acres of cane were growing by June 30. Several hundred additional acres were planted in other crops or plowed and ready for planting. The cost to the homesteaders was figured to average less than \$240 per six-acre plot. Annual charges of \$18.26 were made to amortize principal, interest at 4 per cent, insurance and other expenses within a period of 19 years. Rentals on similar land in St. Croix average from \$50 to \$72 per year for six acres. La Grande Princesse, another estate of 712 acres, was purchased in the autumn of 1932, at a cost of \$23,000, or \$32.32 per acre.³³ About 500 acres were found suitable for homesteads. In the autumn of 1934 the Bethlehem estate was finally purchased, so that now the homesteading program can be given full scope as far as land is concerned.

The Governor's 1934 report claims that the homesteading plan "has worked well. Less than 10 per cent of the homesteaders have had to be replaced because of unsatisfactory work, and more than 90 per cent made their first payment July 31 of this year from crops on their land."³⁴ This would seem to augur well for the future, although it by no means guarantees that St. Croix will become self-supporting.

Homesteading in St. Thomas offers less encouraging prospects. Good agricultural land is not plentiful; the people are not accustomed to agriculture; and the facilities for handling cane are not good.

29. For text of the statement, cf. *New York Times*, January 31, 1931.

30. 71st Cong., 3rd sess., *Hearing before sub-committee of House Committee on Appropriations on Second Deficiency Appropriation Bill for 1931* (February 12, 1931), p. 728-752. The item on the Virgin Islands was for the fiscal year 1932.

31. *Governor's Report*, 1932, p. 8-11; *ibid.*, 1933, p. 12; *ibid.*, 1934, p. 2-8, 20.

32. Files of the Bureau of Efficiency.

33. Memorandum prepared by Division of Territories and Island Possessions, November 13, 1934; *Governor's Report*, 1933, p. 5.

34. *Governor's Report*, 1934, p. 18-19.

The Lindbergh Bay estate of 508 acres was purchased for \$20,000, or \$39.37 per acre.³⁵ Plots of from three to eight acres were laid out in 1932-1933 and a few have been successfully cultivated. Plans have been made to plant about 100 acres of level land in cane to supply rum distilleries and about 40 acres of hillside land in lime trees.³⁶ Obviously, homesteading offers no adequate remedy for the ills of St. Thomas's economic life.

The construction with Federal funds of the Bluebeard Castle Hotel, which is under government supervision, and the development of recreational facilities have been emphasized as factors which will operate to encourage a large tourist trade in St. Thomas.³⁷ The building of good roads there rests on the two arguments of work relief and tourist development. It is believed in Washington that the tourist trade offers the main chance for making St. Thomas self-supporting. The development of handcraft, however, offers possibilities of furnishing a livelihood for several hundred laborers. Handcraft activities will require close and continuous supervision by government to be successful.

In the execution of its large-scale business undertakings the government found itself hampered by the restrictions applicable to government enterprise. It therefore resorted to corporate organization for the attainment of some of the objectives of the rehabilitation program. Governor Pearson approached the St. Croix Council and requested the grant of a charter for such a corporation. The request was denied, but a charter was obtained from the St. Thomas Council, April 9, 1934. The incorporators of this Virgin Islands Company are Harold L. Ickes, Secretary of the Interior, Oscar L. Chapman, Assistant Secretary of the Interior, and Governor Paul M. Pearson. The directors, appointed by the President, include these three, as well as two others, D. Hamilton Jackson (native Negro leader and police judge in St. Croix) and Lionel Roberts (native Negro farmer and legislative leader in St. Thomas). The company is to be financed partly by an allotment of \$1,000,000 which has been made from PWA funds. Its purpose is to carry out "a partnership program by which the government of the United States and the people of the Virgin Islands cooperate in a long-range social, economic and industrial program, the profits being available in the islands for educational and social purposes." Homesteading, housing, sugar factories, rum distilleries, bay-rum production, vegetable crop

development, handcraft development, a hotel, tourist trade—all these and other projects will come within the scope of the company's activities.³⁸ Boyd J. Brown, government secretary since Governor Pearson's inauguration, has recently resigned to become general manager of the company.

SOCIAL PROBLEMS

Economic insecurity and a low standard of living for the large majority of the people have been dominant aspects of the social scene in the Virgin Islands. One must not fall into the error, however, of regarding stringent economic conditions as the sole cause of social maladjustments. It is necessary to recognize that an essential cause of much that is wrong in the Virgin Islands is the heritage of slavery. Although almost a century has elapsed since the disappearance of that institution, the habits of life built up during its existence still cause grave damage.³⁹ The Negroes and colored people, who constitute nearly 90 per cent of the population, have a degree of irresponsibility which seriously limits the efficacy of efforts to improve their condition. Care is not exercised to make the best of one's resources. Insufficient effort is put forth to make the best of one's opportunities. Whether from habit or congenital shiftlessness, the average Virgin Islander finds it extremely difficult to work steadily at a regular job for prolonged periods. The coal-passers and others demonstrate clearly that very hard work can be done well by Virgin Islanders, but their labor is intermittent and has an immediate reward. The Negro works much better for a daily wage than for a reward that comes only at the end of a long period, such as the harvesting of a crop. Here is a severe handicap with which homesteading must cope.

This shiftlessness means that food habits develop which cause waste and improper nutrition. It means slovenly, and hence unhealthful, housekeeping. The problem of sanitation is increased when people are lazy. Idleness and a general sense of irresponsibility encourage the moral vices, marital infidelity, unstable family life generally, and improper care of children. Illegitimacy averages above 50 per cent of the population. This figure, however, should be considerably discounted because of the fact that the local law does not recognize so-called common law marriages. Perhaps the most serious aspect of the whole situation is a lack of parental responsibility for children. While the public schools assume a tremendous responsibility for the children and do

35. Memorandum prepared by the Division of Territories and Island Possessions, November 13, 1934.

36. *Governor's Report, 1934*, p. 19.

37. *Ibid.*, p. 17. The hotel has 16 rooms. It is planned to add other units.

38. *Ibid.*, p. 16.

39. Cf. Westergaard, *The Danish West Indies under Company Rule (1671-1754)*, cited, chap. 8.

a splendid job, it is impossible to build up a self-disciplined people from children whose homes are of the character prevailing in the Virgin Islands.⁴⁰

Moreover, a large proportion of the adults were children in Danish days and received little schooling. Their education creates a serious problem, which the government is now beginning to attack. To make homesteading a success it will be necessary to carry on a large program of agricultural education. The other aspects of the economic rehabilitation program, all of which have serious social ramifications, will also need educational improvements for their success.⁴¹

In matters of health the eighteen years of American administration have brought tremendous advances. The water supply has been greatly improved. Sewage and waste disposal systems have been developed where none existed before. Measures of health protection have been greatly increased. Medical service has been made free for those who could not afford to pay. Out-patient clinics and district nursing have been developed. Health and sanitation expenditures have been tremendously increased from those of Danish times. The result has been a considerable decrease in the general death rate and the infant mortality rate, as well as a general rise in the standard of health of the people. The death rate has dropped from above 30 in the last few years of Danish rule to an average of 22.4 in the period 1919-1933. Infant mortality averaged 320 in the period 1911-1917 and only 183 in the period 1918-1930. Programs are now under way to deal with the serious malaria and filariasis problems.⁴²

The government has initiated a large-scale housing program to get the people out of one-room homes into houses with two or more rooms. The success of this program is greatly to be desired. It is entirely probable that Virgin Islanders will throw off many of their undesirable habits when they have a secure livelihood and proper housing.

CONFLICT OVER POLITICAL SPOILS

The governmental system of the Virgin Islands offers many problems. At the head of the government is the Governor, appointed by the President with the advice and consent of the Senate.⁴³ He serves during the President's pleasure, and at the present time draws a salary of \$8,000 and enjoys at

Federal expense Government House, with an allowance for upkeep. The Governor is the chief executive, in which capacity he is charged with the enforcement of local and Federal laws, the appointment and removal of all municipal officials, and the drafting of the budget.

The legislative bodies of the two municipalities (St. Thomas and St. John, and St. Croix) have a large degree of autonomy, but the suffrage is very restricted; only about 5.5 per cent of the people participate in elections.⁴⁴ The Governor appoints four of the fifteen Council members in St. Thomas, and five of the eighteen members in St. Croix. Vigorous local criticism of this undemocratic feature of the government loses some of its effect when one realizes that the elective members of the Councils, both white and Negro, have repeatedly refused to carry out suggestions made by Governors that the suffrage be widened. The Governor has an absolute veto over ordinances passed by the Councils, subject only to reversal by the President, and he prepares the budgets. Councils, which are controlled by the landed aristocracy and the merchant and professional groups, have enjoyed as much local autonomy in general law-making and in the determination of financial policy as experience would seem to justify. The Governor appoints a police judge in each municipality, and formerly appointed the district judge for the islands. The latter is now appointed by the Attorney General, although his office was created by ordinances of the Councils. Repeated criticism has been made of Governors for interfering with the even course of judicial administration. The municipalities have codes of law based on the Alaska code and the people enjoy the protection of an up-to-date bill of rights.

When the Navy governed the Virgin Islands the chief staff positions were filled by a system of assignment. Whether favoritism entered into these assignments is a matter of speculation, but it is clear that public controversies never arose out of them. In appointing residents of the islands to government jobs the Navy Governors seem to have paid slight heed to political considerations. They knew they could silence much of the local opposition by placing a few incompetents in office, but they refused to do it. The Navy's record with regard to the spoils system is, therefore, above reproach, except that in a few instances the insular officials were forced to yield to pressure from above.

The transfer to civil administration was made with such suddenness that spoilsmen had little chance to get on the job. President Hoover chose the new Governor without regard to party affilia-

40. *Report of Educational Survey of the Virgin Islands* (Hampton, Va., Hampton Normal and Agricultural Institute, 1929).

41. *Ibid.*; *Governor's Reports*, various years; and Katherine M. Cook, *Public Education in the Virgin Islands* (Washington, Interior Department, Office of Education, 1934).

42. *Governor's Report*, 1934, p. 9, 11.

43. Act of March 3, 1917, 39 Stat. 1132.

44. *Brown Report*, cited, p. 98.

tion. Indeed, he made a special effort to act quickly enough to forestall the attempts of lame-duck Congressmen to find a soft berth after March 4, 1931. Enthusiasm for the rehabilitation program and the ability to deal sympathetically with the Negroes of the Virgin Islands were the guiding considerations in making the choice.⁴⁵

Governor Pearson was given a free hand in the selection of his staff. The considerations which guided him seem to have been personal acquaintance and agreement with the program he had in mind for the islands. He found most of the members of his staff among either his old friends or the friends of his associates at Swarthmore. This statement does not apply to certain of his important selections, a fact which would indicate a diligent search for merit elsewhere when he did not find it within his own circle. Little or no attention was paid to party affiliation. The men and women who took charge of the insular government just four years ago were from the beginning much nearer the philosophy of the present administration than that of President Hoover. In their outlook and in the policies which they tried to put into practice they were a sort of advance guard of the New Deal.

When the time came for the elections of 1932 Governor Pearson had aroused the animosity of various groups in the islands. The new program was unwelcome to powerful local interests. Shortly after the transfer of the islands to the Interior Department, the Navy withdrew its station from St. Thomas. This act deprived St. Thomas of the expenditure of several hundred thousand dollars a year made in connection with the naval station. The depression added another element of discontent. Many had supposed that the withdrawal of the Navy would mean a government manned very largely by local Negro politicians. While Governor Pearson filled many offices formerly occupied by Navy officers with natives, he did not by any means satiate the local appetite for government jobs.⁴⁶

The President-elect and his prospective Postmaster General were bombarded with petitions and pleas to remove from office those appointed under the administration of the President who had "insulted" the Virgin Islands by calling them a "poorhouse." In an effort to secure favors from Washington, local spoilsmen who had formerly organized "Keep Cool with Coolidge" clubs now led rump groups about under the banners of "Roosevelt-Garner" clubs. Certain elements in the new administration in Washington also worked on the assumption that all offices were fair game for

"deserving Democrats." The local opposition leaders were encouraged to believe that a clean sweep of the important jobs in the islands would soon be forthcoming. The position of Governor was offered to a Middle-Westerner, and his name was known in the islands.⁴⁷ Here began the clash which has seriously interfered with the proper administration of the government of the Virgin Islands ever since.

Secretary Ickes firmly took the position that no jobs in the Virgin Islands were vacant. Since that day the battle has been waged. The district judge, the Louisiana friend of a highly-placed Republican office-holder in the Navy Department, accepted an office in that department one month before the Roosevelt administration came to power. That left one good job (\$7,500 per year) to be filled. But the executive order effecting the transfer of the Virgin Islands to the Interior Department stipulated that the Secretary of the Interior should make all contracts of employment with persons on Federal payroll, except for the Governor. That meant that Secretary Ickes would name the new judge. The prerogative of making the appointment was transferred, however, to the Attorney General by executive order of the President. The appointment of Judge T. Webber Wilson ensued in the late summer of 1933.

Another important position became vacant through the removal in the summer of 1933 of Government Attorney Charles H. Gibson, for more than a decade a popular figure in the government of the islands. Gibson was unsympathetic with the Pearson administration and refused to give it the necessary degree of cooperation. He opposed the continuance of Pearson in office, but not particularly on party grounds. His position was filled by a Democratic lawyer from Baltimore (Eli Baer) in the autumn of 1933. In close cooperation with the district judge, Gibson, and others, Baer spent a great deal of his time trying to "get the goods on Pearson" and secure his removal. He brought a large number of charges of widespread fraud and corruption in the administration of relief funds, which on careful investigation proved not to be supported by the facts. Administrative shortcuts in violation of regulations were discovered, but Secretary Ickes did not believe that they involved any substantial injury to the public interest. Fraud and a certain amount of petty graft on the part of subordinate native officials seem to have been discovered. The government attorney and the administrative assistant to the Governor, Paul C. Yates, were removed by Secretary Ickes. Governor Pearson and

45. Files of the Bureau of Efficiency.

46. *Governor's Report, 1931*, p. 1.

47. Personal interviews in the Virgin Islands during August and September 1933.

Secretary Ickes have thought Judge Wilson to be guilty of misconduct in his judicial office for spoils purposes but have been unable to persuade Attorney General Cummings to remove him.⁴⁸

If nothing were involved in this situation except the political fate of a few present and prospective office-holders it would not be worth serious attention. But far more than that is at stake. For more than two years now—since the summer of 1932—the government of the Virgin Islands has been gravely hampered in the execution of its duties by uncertainty as to the continuance of the Pearson administration. The warring elements in the islands have not been able to make peace, because they could not know who would be the victor. The opposition has been lured on by the prospect of an early victory. A large measure of support for rehabilitation could now be secured if the Washington phase of the political struggle could be ended and a stop put to the resulting intrigue in the islands. The three persons primarily responsible for the Virgin Islands—Secretary Ickes, Dr. Ernest Gruening (Chief of the new Division of Territories and Island Possessions), and Governor Pearson—are all remarkably free of the ruinous attachment to spoilsmanship.

CONCLUSIONS

1. The first essential step in the solution of the many problems of the Virgin Islands is the definitive settlement of the issue between those who wish to retain the present administration in the islands and those who wish to apply the spoils principle. It is hardly likely that the application of the spoils principle would result in the selection of a Governor and staff nearly as capable as the present incumbents of achieving the objectives which the government has set for itself in the Virgin Islands.

2. The existing situation proves conclusively that the Governor should have a definite term of office. If the merit principle is not to be respected, then the Governor's term should coincide with that of the President. The important staff officials should be placed under civil service regulations. The Governor should continue to appoint the police judges. The district judgeship presents a serious problem. Appointment by the Attorney General offers a possible solution, provided well-established traditions in the appointment of judges are followed, rather than the precedents of the spoilsman.

3. In view of the likelihood that the recommendations concerning the extension of civil service regulations will not be followed in the immediate fu-

ture, an alternative would be that all officials in the Virgin Islands—whether on Federal or municipal payroll—should be appointed and removed by the Governor on his own responsibility, not by government departments in Washington. There is a very general feeling in the islands—whether justified or not—that considerable attention will be paid by Washington to expressions of “the wishes of the people,” even though these expressions are sometimes spurious. This is a dangerous situation, in view of the fact that a fairly satisfactory official can easily drum up a rather impressive vocal support for his candidacy for a higher executive or judicial position. To those who object that the right to remove local officials would place too much power in the hands of the Governor, it may be replied that the government of the Virgin Islands can accomplish little that is constructive without a strong Governor, and that no man should be placed in this important position who cannot be trusted with the use of power.

4. Certain additional political changes, such as the widening of the suffrage, should be made. It is obvious that before a thorough revision of the local constitution is carried out, the various groups of the population should be allowed the full expression of their views. This might be accomplished by the appointment of a commission containing representatives of these groups and the government, which would prepare a draft constitution for the consideration of Congress.

5. On the economic and social side, it is clear that the only way progress can be made in the Virgin Islands is along the general lines of the rehabilitation program. The most important features of this program are homesteading and housing. These should be pressed relentlessly. The other features, however, should not be ignored; they should be carried forward as experience justifies such a course.

6. In conclusion it should be pointed out that the fate of the Virgin Islands rests very largely with the President. Virgin Islanders respect the President, and look patiently to him for solution of their problems. Only his initiative can unravel the present deplorable political tangle. His forceful announcement of a long-term policy with regard to the government, and the economic and social program to be followed during the remainder of his term, would have a calming effect on a disturbed and confused situation. Government and people could then go forward with some assurance as to certain major factors in the situation, whether welcome or not. A settled and steady course is the main essential; only the President can guarantee it.

48. *The Nation*, January 23, 1935; *New York Herald Tribune*, January 24, 1935.